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RUEHZU/ASIAN PACIFIC ECONOMIC COOPERATION  
RHHMUNA/USPACOM HONOLULU HI//FPA//

UNCLAS MANILA 000685

SENSITIVE

SIPDIS

STATE FOR EAP/MTS, EAP/EP/ EEB/IFD/OMA  
STATE PASS EXIM, OPIC, AND USTR  
STATE PASS USAID FOR AA/ANE, AA/EGAT, DAA/ANE  
TREASURY FOR OASIA

E.O. 12958: N/A

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SUBJECT: More Philippine Public Works Officials Charged with  
Corruption

SENSITIVE BUT UNCLASSIFIED

¶1. (SBU) Embassy has confirmed media reports that officials of the Philippine Department of Public Works and Highways are facing charges of violating the Anti-Graft and Corrupt Practices Act. The Office of the Ombudsman (which investigates government corruption) recommended on March 25 the filing of criminal charges against 17 current and former officials of the Department of Public Works and Highways. The 17 include former Secretary Florante Soriquez and current Undersecretary Manuel Bonoan as well as 3 Assistant Secretaries. Most of those recommended for prosecution were members of the Bids and Awards Committee.

¶2. (U) The Ombudsman and the National Bureau of Investigation continue their joint probe of alleged collusion between private contractors and government officials which resulted from a recently released World Bank report on apparent bid rigging. The World Bank debarred seven firms and one individual in January after an investigation into collusion in Bank funded road construction projects in the Philippines. Information from the Banks investigation was provided to the Philippine government and was apparently the basis for the charges announced by the Ombudsman.

¶3. (SBU) Comment: Corruption remains a serious problem in the Philippines, and is a particularly challenging issue for donors operating here. USAID has avoided any perception of corruption through close project oversight and monitoring, coupled with an active Inspector General system. In its infrastructure work, USAID runs the bidding processes itself, ensuring that they will be clean. It will be important as we move toward a Millennium Challenge Corporation Compact to ensure that Filipinos, who expect their Department of Public Works to be corrupt, realize that MCC projects are scrupulously clean.

Kenney